

## STATE CORPORATION COMMISSION

DOCUMENT CONTROL

AT RICHMOND, OCTOBER 10, 2007

APPLICATION OF

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VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2007-00089

For expedited approval of conservation,  
energy efficiency, education, demand  
response and load management pilots

ORDER PRESCRIBING NOTICE AND INVITING  
COMMENTS AND REQUESTS FOR HEARING

On September 18, 2007, Virginia Electric and Power Company ("DVP" or "Company") filed an application for State Corporation Commission ("Commission") approval to implement nine new pilots ("Pilots") in its Virginia service territory. The Pilots include five conservation and energy efficiency pilots: (i) Standard Residential In-Home Energy Audits, (ii) ENERGY STAR<sup>®</sup> Qualified Homes Energy Audits, (iii) Energy Efficiency Welcome Kits, (iv) PowerCost Monitor pilot, and (v) Small Commercial On-Site Energy Audits; and four demand response/load management pilots: (i) Direct Load Control — Outdoor Air-Conditioning Control Device, (ii) Programmable Thermostats — Indoor Air-Conditioning Control Device, (iii) Programmable Thermostats with Advanced metering infrastructure ("AMI") and Critical Peak Pricing ("CPP"), and (iv) Distributed Generation/Load Curtailment Pilot. Seven of the pilots are proposed to run through December 2008. The Programmable Thermostats with AMI and CPP Pilot will run through May 2009, and the Distributed Generation/Load Curtailment Pilots are proposed to run through December 31, 2014.

The application is filed pursuant to §§ 56-234 and 56-235.2 of the Code of Virginia which allow the Commission to approve special or experimental rates where they are in the public interest. DVP contends that the pilots are in the public interest, noting that during the

2007 legislative session, the Virginia General Assembly passed Senate Bill 1416/House Bill 3068 (chapters 933/888 of the Acts of Assembly, or the "Legislation") to address energy conservation. Enacting clause 3 of the Legislation states, "That it is in the public interest, and is consistent with the energy policy goals in § 67-102 of the Code of Virginia, to promote cost-effective conservation of energy through fair and effective demand side management, conservation, energy efficiency, and load management programs, including consumer education." These programs may be conducted by utilities or public or private organizations. The Legislation also sets a goal for the Commonwealth, by 2022, to reduce electric energy consumption by retail customers by ten percent of what retail customers used in 2006. The Legislation further requires the Commission to study whether and how this ten percent goal can be met.<sup>1</sup>

DVP represents that the nine pilots will serve the public interest for a wide array of customer classes, including residential, small commercial, large commercial, industrial, and other non-residential customers. The pilots vary from small commitments by customers to participate in energy audits, to long-term commitments to participate in the Distributed Generation/Load Curtailment Pilot. Some pilots, such as the Direct Load Control Outdoor-Air Conditioning Control Device, require little more than customer consent for installation of a piece of equipment. Conversely, other pilots, such as Programmable Thermostats with AMI and CPP, will require active customer participation.

Each of the pilots are intended by DVP to collect and share with the Commission data about conservation, energy efficiency, demand response, and load management options, including customer enthusiasm for and acceptance of such options. The pilots are intended to

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<sup>1</sup> The Commission opened Case No. PUE-2007-00049 to develop a report to the legislature on this matter.

encourage customer interest in energy-saving measures and to help customers better understand their own energy consumption patterns. DVP also intends these pilots to test the effectiveness of and efficiencies to be gained by using the management capabilities of DVP-selected contractors.

The Company represents that some of the pilots may fall within the scope of the Commission's Promotional Allowance Rules (20 VAC 5-303-10 through -60) and the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs (20 VAC 5-304-10 through -40). To the extent that these rules require prior Commission approval or waiver for aspects of any of the pilots, including advertising associated with the pilots, DVP requests such approval be granted herein.

The application notes that on August 30, 2007, the Company also notified the Commission's Division of Economics and Finance of its participation in a compact fluorescent lights ("CFL") price reduction program, which is part of a combined effort among public utilities and governmental agencies, such as the Commonwealth's Department of Mines, Minerals, and Energy, to inform the public of the importance of energy efficiency and conservation efforts. Through this program, DVP works with manufacturers and retail outlets to provide customers with CFL at discounted rates. During 2007, the Company is buying down the cost of approximately 150,000 CFL packages at a cost to DVP of \$1.50 per single bulb or \$3.00 per multipack. DVP anticipates continuation of this program through 2008 and 2009, expanding it to include the buy-down of approximately 625,000 CFL annually. In addition to approval of the pilots, the Company also requests all approvals necessary to continue participation in this CFL price reduction program through 2009.

NOW THE COMMISSION, having considered the application, finds that DVP's application should be docketed, notice should be given to the public, interested persons should be

given an opportunity to comment or request a hearing on the Company's application, and the Staff should investigate and analyze the Company's application and present its recommendations to the Commission.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE-2007-00089.

(2) DVP's application and accompanying materials may be viewed during regular business hours at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia. Interested persons may also access unofficial copies of the application through the Commission's Docket Search portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained by making a written request to counsel for DVP, Karen L. Bell, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, RS-2, Richmond, Virginia 23219. DVP shall make a copy available on an electronic basis upon request.

(3) On or before November 9, 2007, DVP shall publish the following notice as display advertising, not classified, to be published in newspapers having general circulation throughout DVP's service territory:

NOTICE OF THE APPLICATION OF VIRGINIA ELECTRIC  
AND POWER COMPANY FOR APPROVAL OF  
CONSERVATION, ENERGY EFFICIENCY, EDUCATION,  
DEMAND RESPONSE AND LOAD MANAGEMENT PILOTS  
CASE NO. PUE-2007-00089

On September 18, 2007, Virginia Electric and Power Company ("DVP" or "Company") filed an application for State Corporation Commission ("Commission") approval to implement nine new pilots ("Pilots") in its Virginia service territory. The Pilots include five conservation and energy efficiency pilots: (i) Standard Residential In-Home Energy Audits, (ii) ENERGY STAR<sup>®</sup> Qualified Homes Energy Audits, (iii) Energy Efficiency Welcome Kits, (iv) PowerCost Monitor pilot, and (v) Small

Commercial On-Site Energy Audits; and four demand response/load management pilots: (i) Direct Load Control — Outdoor Air-Conditioning Control Device, (ii) Programmable Thermostats — Indoor Air-Conditioning Control Device, (iii) Programmable Thermostats with Advanced metering infrastructure ("AMI") and Critical Peak Pricing ("CPP"), and (iv) Distributed Generation/Load Curtailment Pilot. Seven of the pilots are proposed to run through December 2008. The Programmable Thermostats with AMI and CPP Pilot will run through May 2009, and the Distributed Generation/Load Curtailment Pilots are proposed to run through December 31, 2014.

Each of the pilots are intended by DVP to collect and share with the Commission data about conservation, energy efficiency, demand response, and load management options, including customer enthusiasm for and acceptance of such options. The pilots are intended to encourage customer interest in energy-saving measures and to help customers better understand their own energy consumption patterns. DVP also intends these pilots to test the effectiveness of and efficiencies to be gained by using the management capabilities of DVP-selected contractors.

The Company represents that some of the pilots in the Proposal may fall within the scope of the Commission's Promotional Allowance Rules (20 VAC 5-303-10 through -60) and the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs (20 VAC 5-304-10 through -40). To the extent that these rules require prior Commission approval or waiver for aspects of any of the pilots, including advertising associated with the pilots, DVP requests such approval be granted herein.

The application notes that on August 30, 2007, the Company also notified the Commission's Division of Economics and Finance of its participation in a compact fluorescent lights ("CFL") price reduction program, which is part of a combined effort among public utilities and governmental agencies, such as the Commonwealth's Department of Mines, Minerals, and Energy, to inform the public of the importance of energy efficiency and conservation efforts. Through this program, DVP works with manufacturers and retail outlets to provide customers with CFL at discounted rates. During 2007, the Company is buying down the cost of approximately 150,000 CFL packages at a cost to DVP of \$1.50 per single bulb or \$3.00 per multipack. DVP anticipates continuation of this program through 2008 and 2009, expanding it

to include the buy-down of approximately 625,000 CFL annually. In addition to approval of the pilots, the Company also requests all approvals necessary to continue participation in this CFL price reduction program through 2009.

A copy of the above-referenced application is available for inspection during regular business hours at the State Corporation Commission, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Interested persons may also access unofficial copies of the application through the Commission's Docket Search portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained by making a written request to counsel for DVP, Karen L. Bell, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, RS-2, Richmond, Virginia 23219. DVP shall make a copy available on an electronic basis upon request.

Comments or requests for hearing on the application may be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before November 20, 2007. A copy of such comments or requests for hearing shall simultaneously be sent to counsel for DVP, at the address set forth above. Requests for hearing shall state why a hearing is necessary and why such issues cannot be adequately addressed in written comments. All correspondence shall refer to Case No. PUE-2007-00089.

Interested persons desiring to submit comments or requests for hearing electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

Interested persons who want to participate fully in this proceeding as a respondent to have the opportunity, for example, to issue interrogatories or cross-examine witnesses, must file a notice of participation on or before November 20, 2007, with the Clerk of the Commission at the address set forth above. Those persons who file comments and do not otherwise file a notice to become a respondent may participate in any scheduled hearing by giving oral testimony as a public witness. Any person who expects to participate as a respondent should promptly obtain a copy of the Order Prescribing Notice and Inviting Comments and Requests for Hearing for complete details of the procedural schedule and instructions on participation in this case.

If no sufficient request for hearing is received, a formal hearing with oral testimony may not be held, and the Commission may make its decision based upon the papers filed in this proceeding.

VIRGINIA ELECTRIC AND POWER COMPANY

(4) The Company shall serve on or before October 22, 2007, a copy of this Order on the Chairman of the Board of Supervisors of any county, upon the Mayor or manager of any city or town, and upon any equivalent officials in counties, cities, and towns having alternate forms of government, within the Company's service territory. Service shall be made by first-class mail or delivery to the customary place of business or residence of the persons served.

(5) On or before November 20, 2007, the Company shall file with the Clerk of the Commission at the address set forth above proof of notice and service as required in Ordering Paragraphs (3) and (4) above.

(6) On or before November 20, 2007, persons with an interest in this proceeding, including those already on the service list for this Order, who desire to remain on or be added to the service list for future filings and orders in this docket shall file with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, a statement of such interest and refer to Case No. PUE-2007-00089.

(7) On or before November 20, 2007, any interested person wishing to participate as a respondent in this proceeding shall file an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (2) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any

notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUE-2007-00089.

(8) On or before November 20, 2007, any interested person wishing to comment on DVP's application, or desiring a hearing in this matter, shall file an original and fifteen (15) copies of such written comments and requests for hearing with the Clerk of the Commission at the address set forth above, and shall refer to Case No. PUE-2007-00089. A copy of such comments or requests for hearing shall simultaneously be sent to counsel for DVP, at the address set forth above. Any request for hearing shall detail reasons why such issues cannot be adequately addressed in written comments. If no sufficient request for hearing is received, a formal hearing with oral testimony may not be held, and the Commission may make its decision based upon the papers filed in this proceeding.

(9) Interested persons desiring to submit comments or requests for hearing electronically may do so by following the instructions available at the Commission's website:

<http://www.scc.virginia.gov/caseinfo.htm>.

(10) On or before December 05, 2007, the Commission Staff shall review the application and file a report with the Commission presenting its findings and recommendations.

(11) On or before December 13, 2007, any interested person may file with the Clerk of the Commission, in the same manner as provided by Ordering Paragraphs (8) and (9) above, any response to the Staff Report.

(12) On or before December 20, 2007, the Company may file with the Clerk of the Commission at the address set forth above any response to the Staff Report and/or comments filed by interested persons.

(13) The Company shall respond to written interrogatories within seven (7) business days after receipt of same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

(14) This matter is continued generally.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Karen L. Bell, Esquire, Dominion Resources, Inc., 120 Tredegar Street, P.O. Box 26532, Richmond, Virginia 23261-6532; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, 2nd Floor, Richmond, Virginia 23219; and the Commission's Office of General Counsel and Divisions of Economics and Finance, Energy Regulation, and Public Utility Accounting.